

webinar



Closing the gap on life insurance affordability

with David Sarkis and Mark Stubbings

Thursday 23 June | 11:00am-12:00pm



Today's webinar

- One hour of CPD available, the AFA will send details within the next week.
- As a webinar attendee you will remain on 'mute' throughout the session.
- Questions will be answered at the end of the presentation. Please use the Zoom Q&A function (not the chat function).



The industry challenge

“A new innovation in the Life insurance industry.”

“If you fit the medical criteria, payments to your beneficiaries on your death” without any further payments.

“Term policies with a “cash value” has just been structured.”

Presentation Content

- Our Vision
- Our Partnerships
- Why iExtend
- The Australian Market Place
- What Advisers Tell Us
- How it Works
- Your Servicing Rights
- Who Might Qualify
- Client Case Study
- Adviser Outcomes
- Industry Outcomes
- Question Time

Partnership

iExtend sees value in what some throw away.

The iExtend model results in insureds having some life insurance that would they would have cancelled.

Our collaborative approach enables value options for policyholders.

Our Vision

Our purpose and vision is to find value is what is thrown away and enable Australians to retain part of their valuable Life Insurance cover. **We believe that Life insurance is about successful collaboration.**

- **We collaborate with the policy holder**, who bought the policy all those years ago as an act of prudence and kindness.
- **Collaborate with the adviser**, who helps their client navigate the choices, always looking out for their best interests.
- **Collaborate with the insurer**, who agreed to always be there – no matter what happens.

Because value is greatest when shared we believe collaboration is the key to making Life insurance last.

Service Providers

iExtend has onboarded partners to support the development and growth of its business

iExtend has a purpose-built database which enables it to effectively communicate with partners to streamline its engagement process.

WBC & Salesforce, AIOFP, AFA, Synchron

Our Partnerships



Custodian



Auditors



Legal



Tax



Administration



Legal



Association



Association



Financial Advice



Technology



Banking

About iExtend

Our business enables a policyholder to retain some part of their Term Life policies, particularly at an age where:

1. A combination of rising premiums; and
2. Health conditions

makes it difficult for them to replace their policy .

Co-owning a Life policy with iExtend can eliminate further premium payments, whilst the insured keep an interest in life insurance and thereby enables an eventual claim for beneficiaries.

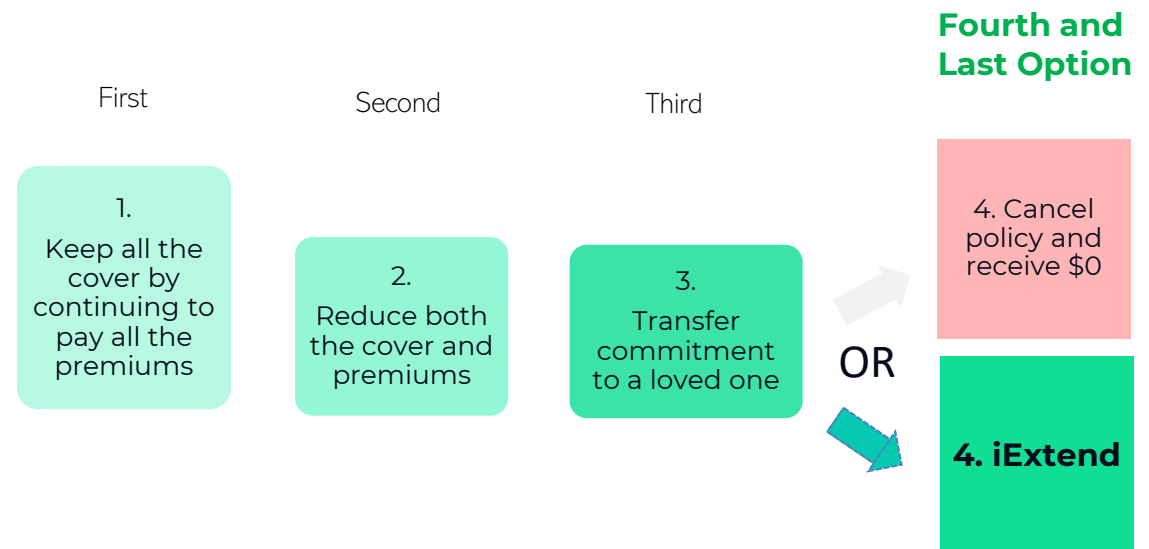
Why iExtend

iExtend provides an option to those who have committed to cancelling some or all of their Life cover and walking away from their policy.

The journey only starts when your client has decided to cancel

To date there have only been 4 options for Life insurance policyholders once a policy starts to become redundant to them.

Options Available



Market Scope

Market Size

\$1.3
Trillion

Individual Advised Risk Policies

20 - 25%

Lapse

Between ages 55-75

\$18
Billion

Cancelled or Reduced Annually

The Australian Market Place

A 2017 PWC survey found

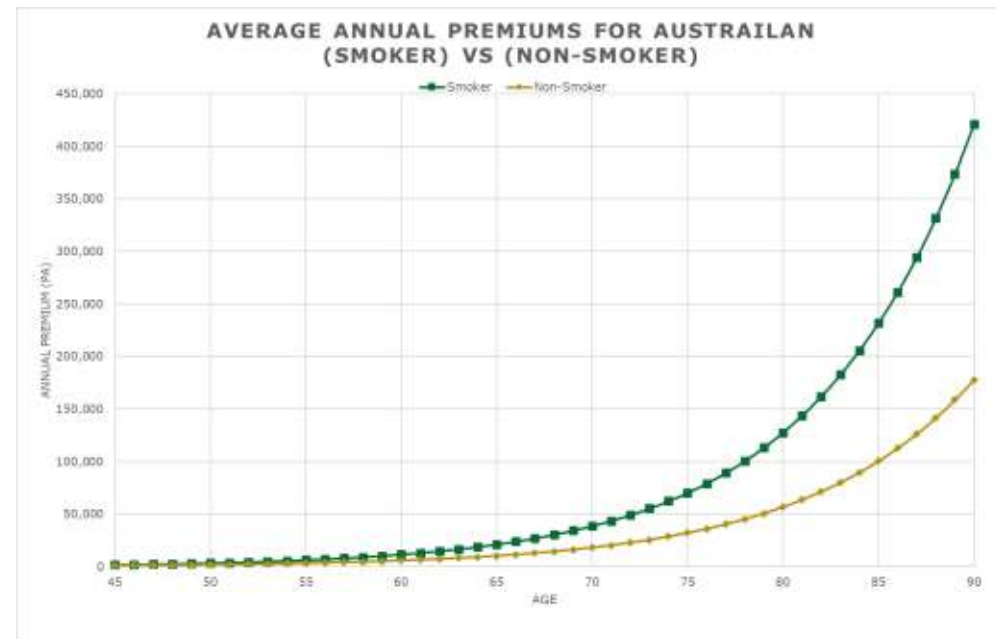
- 78 percent of Australians view Life insurance as important; and
- 42 percent believe their Life insurer will be there in their time of need.

According to KPMG Life Insurance Insights, Life accounts for (Dec-2019).

- \$24.7 billion in gross premiums in the 12 months ending 31 March 2018.
- Total sum insured for individual advised risk was equal to \$1.3 trillion

Premium Expansion

- Australians will face reduced disposable incomes and increased insurance premiums, which can typically rise 10-15% per annum.
- Premiums may double every 4-5 years.



We can do better.

While products vary between insurers, the fundamental design has not changed for 30+ years

We see the cancellation gap in the market and the opportunity to bridge this gap by improving Life policy longevity as life expectancy increases.

What Advisers Tell Us

Can the Industry be better off?

- Advisers have consistently told us Life insurance needs:
 - more flexibility;
 - to adapt to customer circumstance; and
 - to solve emerging funding crises.

At a recent industry roundtable (RiskInfo),

- Brian Perrin, Secured Business Equity's principal and financial adviser, recently surmised:

“At some point in our lives, we are uninsurable”.

- Diamond Blue Financial Services financial adviser, Dianna Pecherczyk, explained

“I still get asked occasionally from clients, before they cancel, do I get anything back for not claiming?”

Process

Your client has the option to retain any portion of the policy (including TPD and Trauma) by paying premiums on this portion of the policy.

Based on a sliding scale, Your client will receive a percentage of any claim (including indexation, if available).

The iExtend ensures a minimum of 10% (with indexation) is beneficially retained by the insured.

How it Works

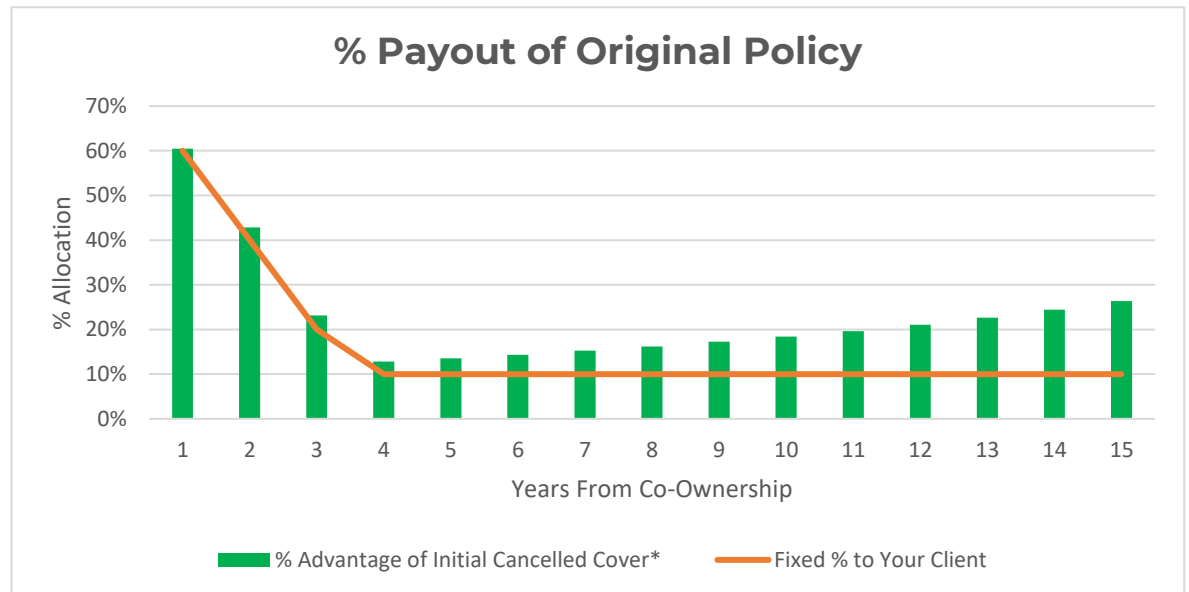
The Co-ownership agreement will only cover Life insurance (excluding TPD and Trauma).

Co-ownership Economics

Your client share in the indexation of the policy.



Implied % Payout on Original Amount



The Adviser.

Your Servicing

iExtend challenges policies that were due to be cancelled by:

- Providing you an ability to offer an alternative to cancellation that may assist in meeting best interest duties;
- Provide confirmation that your cancelling policy has been assessed detailing a status of qualification; and
- Regular communication throughout the term of the Co-ownership arrangement for you to share with your client.

Qualifying

iExtend evaluates a range of metrics to determine qualification.

Metrics include age, policy valuations and a change of health conditions.

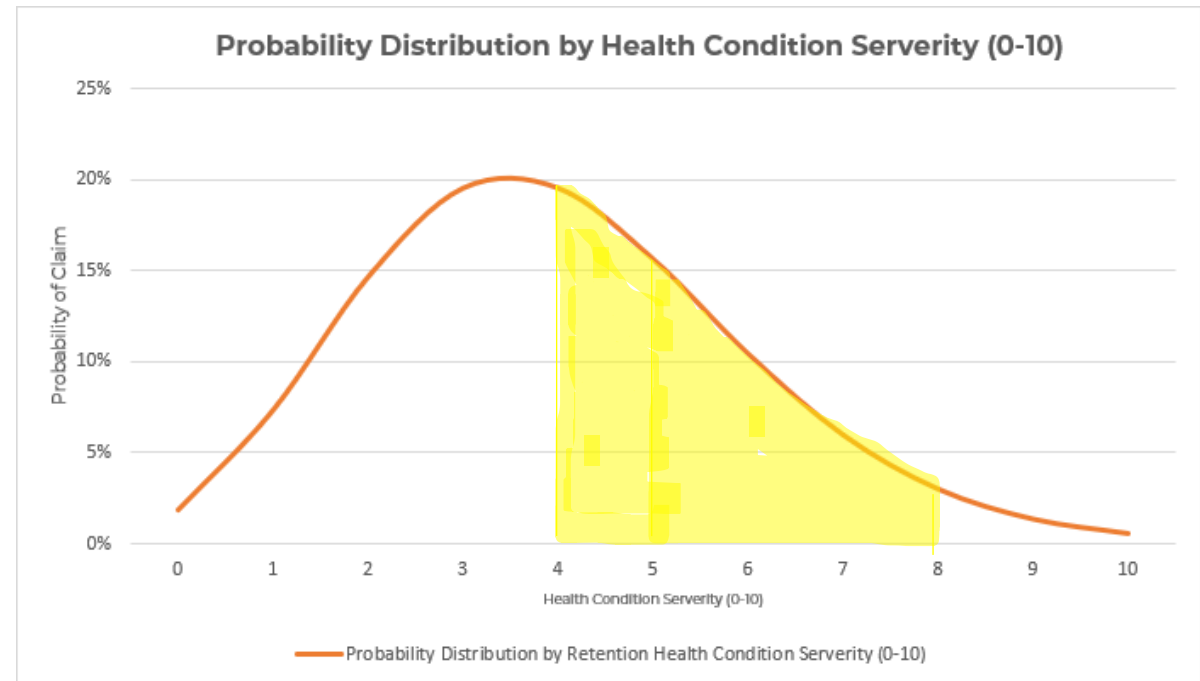
Who Might Qualify

Scale of Health Conditions - We classify a scale of 0 to 10 where;

- 0 meaning that someone is extremely healthy, while
- 10 may be terminally ill with less than two years to live.

iExtend offer and clients;

- 0s to 4s will find cover at standard rate or marginally higher rates and don't need iExtend;
- 9s & 10s should consider with your guidance to have family and friends helping them retain the cover.



Case Study

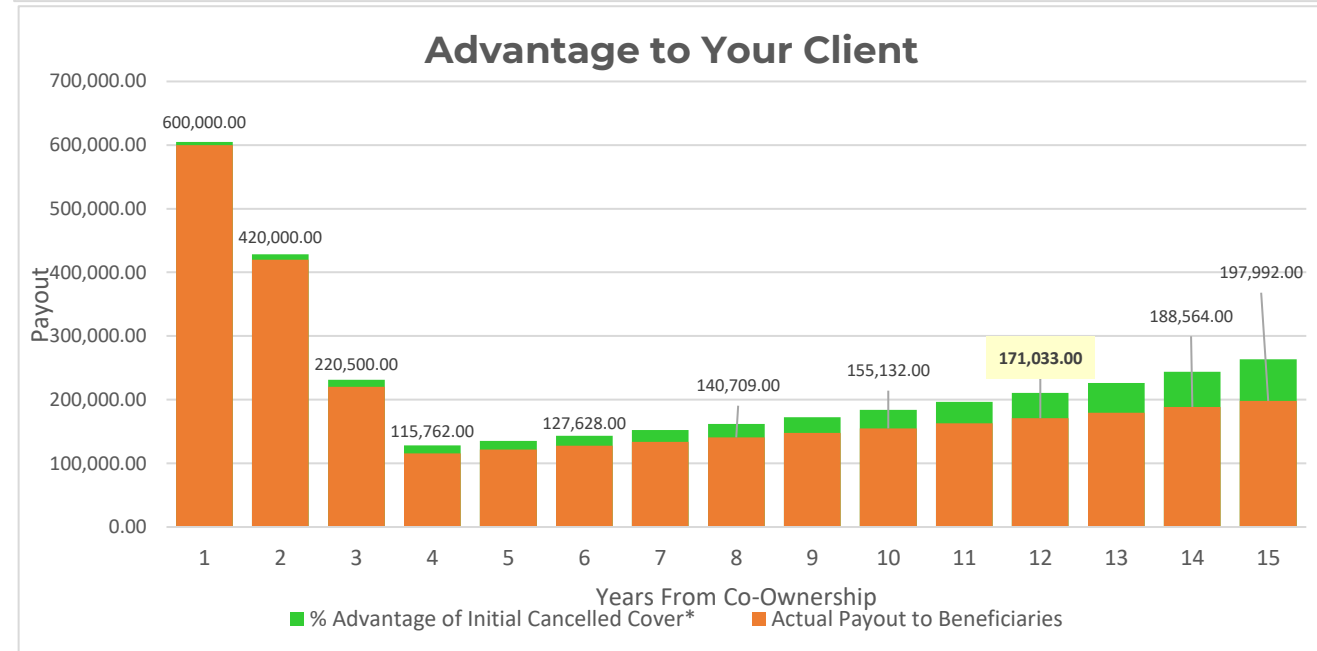
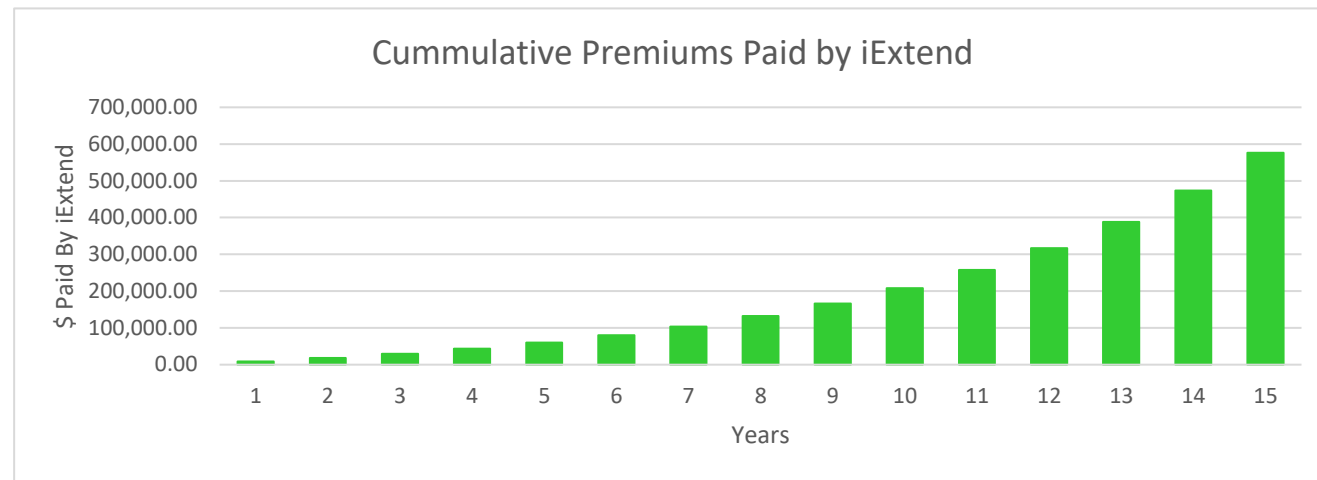
Client Benefits - Case Study

iExtend pays all premiums from here-on-in within a co-ownership.

In return, there will be an approximate pay-out of \$171k in Year 12.

Total value/advantage to your client is \$263k in Year 12 (adding premiums, they have saved).

Current Policy for JI Cloverfel	Life Cover	Premium Payable	Indexation	Possible Life Expectancy
Insurer	\$1,000,000	\$8,000 ann	5%	12 Years



You the Adviser can help your client.

- Reduce Lapses
- iExtend pays premiums on any Co-owned portion of a policy
- Policy longevity
- Retain client relationship

Adviser's Client Benefits

Co-ownership

- Create client satisfaction;
- Policy retained in full and does not record as a lapse;
- Premiums paid by iExtend at no cost on co-owned portion.

Longevity

Providing this alternative option may help:

- Retain your client who once lost, is gone forever;
- Create longevity of engagement with your current client and friends and future generations;
- Will this offer create demand for Life insurance at an early stage knowing it will be there when needed later in life?

Benefits to the Industry

- Will a shared value collaboration with iExtend create a positive Social Impact through helping policyholders retain cover when they need it most?
- Does this impact lead to an increase in future sales given that policyholders may qualify later in life for a residual minimum pay-out when they need it most?

Industry Benefits

A collaborative relationship in response to potential lapses.

- **iExtend opportunity results in:**

- Possibly, a lower cost retention strategy for insurers.
- A new way to look at what was considered redundant life insurance.
- By helping to improve the perception that insurance will be there in a time of need, more Australians may possibly consider Life insurance at an early age.

- **A better outcome for the Industry :**

- Our vision for the industry is that not only will policy holders benefit, but so too will:
 - Advisers expand an alternative offering; and
 - Insurers in helping to improve retention.
- Life insurance becomes a product that is no longer feared due to a possibility of cancellation, particularly before a time in life when it is needed most.

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